

City of Detroit

CITY COUNCIL

IRVIN CORLEY, JR.
FISCAL ANALYST
(313) 224-1076

FISCAL ANALYSIS DIVISION
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ANNE MARIE LANGAN
ASSISTANT FISCAL ANALYST
(313) 224-1078

TO: Carolyn Ghant, Interim Executive Director
Cable Communications Commission

FROM: Irvin Corley, Jr., Fiscal Analysis Director

DATE: May 3, 2010

RE: 2010-2011 Budget Analysis

24.

Attached is our budget analysis regarding your department's budget for the upcoming 2010-2011 Fiscal Year.

Please be prepared to respond to the issues/questions raised in our analysis during your scheduled hearing on **Wednesday, May 5, 2010 at 10:00 a.m.** We would then appreciate a written response to the issues/questions at your earliest convenience subsequent to your budget hearing. Please forward a copy of your responses to the Councilmembers and the City Clerk's Office.

Please contact us if you have any questions regarding our budget analysis.

Thank you for your cooperation in this matter.

IC:jgp:ss

Attachment

cc: Councilmembers
Council Divisions
Auditor General's Office
Norman White, Chief Financial Officer
Pam Scales, Budget Department Director
Tom Lijana, Finance Director
Renee Short, Budget Department
Kamau Marable, Mayor's Office

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Cable Commission

FY 2010-2011 Budget Analysis by the Fiscal Analysis Division

Summary

The mission of the Detroit Cable Communications Commission (DCCC) is to ensure the delivery of efficient and cost effective cable television and telecommunications systems to the residential and business communities of the City of Detroit.

The DCCC has two functions: administration and regulation; operation of the government and educational access channels.

There are two appropriations for the DCCC in the Non-Departmental Budget for expenditures and a third appropriation for revenue collection where the franchise fee is recorded. There is also a revenue account in the Department of Public Works for the collection of Public Act 48 – Metro Act revenues.

The Mayor's Recommended Budget proposes to combine the Cable Commission operations with publicity, graphics, photographic services and total copy center services.

The total recommended budget for the DCCC is \$2.3 million dollars in appropriations an increase of \$332,080 or 16.6%, the DCCC recommended revenues are increasing by \$240,000 over the current budget to a recommended total of \$4.2 million, a 6% increase.

Personnel and Turnover Savings

<u>Appropriation/Program</u>	<u>Redbook Positions FY 2009-10</u>	<u>Filled Positions 3/31/2010</u>	<u>Mayor's Budget Positions FY 2010- 11</u>	<u>Over/(Under) Actual to 09/10 Budget</u>
Non-Departmental (35):				
00972 Cable Communications Comm.	5	3	0	(2)
00973 Government Access	2	2	0	0
350325 Communication Services	0	0	8	0
350326 Media Services	0	0	7	0
TOTAL	<u>7</u>	<u>2</u>	<u>15</u>	<u>(5)</u>

Position Changes by Cost Center (including ITS)

<u>Appropriation/Cost Center</u>	<u>Title</u>	<u>Add/(Deletion)</u>	
Cable Communications Comm.	Comm Spec III-Detroit CCC	(4)	
Cable Communications Comm.	Director-Cable Commission	(1)	
Total			(5)
Government Access	Chief Engineer-DCCC	(1)	
	Communications Specialist I -		
	Cable	(1)	
Total			(2)

<u>Appropriation/Cost Center</u>	<u>Title</u>	<u>Add/(Deletion)</u>	
Communication and Media Svcs.	Duplicating Devices Operator	1	
Communication and Media Svcs.	Graphic Designer	1	
Communication and Media Svcs.	Offset Printer	1	
Communication and Media Svcs.	Print Shop Supervisor	1	
Communication and Media Svcs.	Publicist I	1	
Communication and Media Svcs.	Publicist II	1	
Communication and Media Svcs.	Supervising Publicist I	1	
Communication and Media Svcs.	Supervising Publicist I	1	
Total			8
Media Services	Chief Engineer-DCCC	1	
Media Services	Comm Spec III-Detroit CCC	4	
Media Services	Communications Spec I-Cable	1	
Media Services	Director-Cable Commission	1	
Total			7
ITS - Publishing Services	Graphic Designer	(2)	
ITS - Publishing Services	Photographer-General	(1)	
ITS - Publishing Services	Print Shop Supervisor	(1)	
ITS - Publishing Services	Publicist II	(1)	
ITS - Publishing Services	Supervising Publicist I	(2)	
ITS - Publishing Services	Web Editor	(1)	
Total			(8)

As of March 31, 2010, the Cable Commission has five contractual positions filled in the Government Access appropriation.

Professional and Contractual Services:

Cable Commission (35)

<u>Budgeted Professional and Contractual Services by Activity</u>	<u>FY 2009-10 Budget</u>	<u>FY 2010-11 Recommended</u>	<u>Increase (Decrease)</u>
Cable Commission	<u>733,788</u>	<u>522,287</u>	<u>211,501</u>
Total	<u>\$ 733,788</u>	<u>\$ 1,041,834</u>	<u>\$ 201,320</u>

Significant Appropriation Changes

The Mayor's Recommended Budget proposes a \$500,000 savings as a result of the consolidation of the Cable Commission appropriation and other services from the Information Technology Services Department mainly in rent expense.

Significant Revenue Changes

The Mayor recommends revenue of \$5.0 million in the Cable Franchise Fee. This represents an increase of \$760,000 over the current year's budget.

Issues and Questions

1. Explain the plan for consolidation proposed by the Mayor. It is unclear as the budget places the funding for the combined Cable/Publishing/copying services in Non-Departmental but the Executive Organization Plan (Attached) indicates the newly created activity will report to the Mayor's Office.
2. Considering the power that cable and publicity can have on public perception, what policies are in place at the Cable Commission to ensure all sides of issues are presented to the public equitably? Will the combining of activities and placing of Cable under the Mayor's Office compromise this impartiality?
3. The revenue for Franchise Fees is increasing by \$760,000 in the recommended budget. However the 2009-10 actual collection is reported as \$2.8 million through February, extended to year-end total collections will be about \$4.2 million. What changes to collections are anticipated to support increasing revenue collections in light of the economy and recent revenue collection patterns?
4. What is the amount of capital investment over the last five years for public service purposes? With the change in laws will the PEG fees be able to cover the cost of the Cable Commission going forward including adequate funding for capital needs?
5. Considering the reduced role of the Cable Commission to negotiate local franchise agreements, at what point in the future can expenditures for the Cable Commission be significantly reduced or possibly completely eliminated as a result of the current legislation?
6. Will you provide current market statistics for penetration in Detroit for cable and internet services by provider? Can you compare the Detroit market penetration numbers with other surrounding communities and the national average? Include historical data in order for the recent trend patterns to be evident.
7. Can the services of the Detroit Cable Commission be considered core?
8. What vehicles are assigned to the Detroit Cable Commission in the current year? Who at the Cable Commission receives a vehicle stipend or mileage? Will this change in the proposed budget? How?

IC:jgp:ss

April 13, 2010

Detroit City Council
1340 Coleman A. Young
Municipal Center
Detroit, Michigan

Re: Amendment of Executive Organization Plan to Reassign: 1) the Functions of Graphic Design, Copying and Publicity From the Information Technology Services Department to the Mayor's Office; and 2) the Functions of the Media Services From the Cable Communications Commission to the Mayor's Office

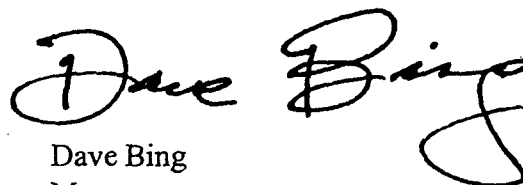
Honorable City Council:

Section 7-102 of the 1997 Detroit City Charter authorizes the Mayor to prepare and subsequently amend an organization plan for the Executive Branch of City government. In accordance with Section 7-102, the plan and its amendments are to be submitted to Your Honorable Body and published. After a public hearing, the City Council is required to approve, recommend modification, or reject the plan within sixty (60) business days. Where the Council does not take action within this time frame, the plan becomes effective.

My Administration is proposing an amendment to the current Executive Organization Plan. The amendment would reassign the functions of graphic design, copying and publicity from the Information Technology Services Department to the Mayor's Office, and the functions of the media services from the Cable Communications Commission to the Mayor's Office. The functions would be consolidated and managed in the Communications Services Division of my office.

Attached is a proposed resolution for Your Honorable Body's consideration and adoption. Your adoption of the resolution, which approves this amendment to the Executive Organization Plan in advance of the maximum sixty (60) business day time limit, will enable the Administration to more quickly implement this change. Thank you for your consideration in supporting this resolution.

Respectfully submitted,



Dave Bing
Mayor

**RESOLUTION
FOR
AMENDMENT OF THE EXECUTIVE ORGANIZATION PLAN,
AND FOR CITY COUNCIL PUBLIC HEARING THEREON,
TO REASSIGN
THE FUNCTIONS OF GRAPHIC DESIGN, COPYING AND PUBLICITY
FROM THE INFORMATION TECHNOLOGY SERVICES DEPARTMENT
TO THE MAYOR'S OFFICE; AND
THE FUNCTION OF THE MEDIA SERVICES FROM THE CABLE
COMMUNICATIONS COMMISSION TO THE MAYOR'S OFFICE**

BY COUNCIL MEMBER _____:

WHEREAS, in accordance with Section 7-102 of the 1997 Detroit City Charter, the Mayor has proposed an Amendment to the Executive Organization Plan, which would reassign:

- (1) The functions of graphic design, copying and publicity from the Information Technology Services Department, Agency 31, located in Section 230 of the Executive Organization Plan, to the Mayor's Office, Agency 33, located in Section 40 of the Executive Organization Plan, which would be managed in the Mayor's Office in the Communications Services Division; and
- (2) The function of the media services from the Cable Communications Commission Agency 35, located in Section 380 of the Executive Organization Plan, to the Mayor's Office, Agency 33, located in Section 40 of the Executive Organization Plan, which would be managed in the Mayor's Office in the Communications Services Division;

WHEREAS, Section 7-102 of the 1997 Detroit City Charter permits the functions of the Information Technology Services Department, as an operating department, and the Cable

Communications Commission, as a non-departmental agency, to be reassigned to the Mayor's Office, as an operating department;

WHEREAS, the Mayor has filed the Amendment with the City Council on April 13, 2010;

WHEREAS, Section 7-102 of the Charter requires that the Amendment be made public and that the City Council study and conduct hearings on the Amendment and may request that the Mayor make modifications to such amendment; and

WHEREAS, pursuant to Section 7-102 of the Charter, sixty (60) business days after the filing of the Amendment, which is July 16, 2010, the Amendment shall become effective with such modifications that are accepted by the Mayor, unless the amendment is disapproved by a Resolution adopted by a two-thirds ($\frac{2}{3}$) majority of the City Council members serving.

NOW, THEREFORE, BE IT RESOLVED, THAT:

- (1) The Amendment shall be made available by the City Clerk for reference by all interested persons and copies of the Amendment shall be available in Neighborhood City Halls and in the Sociology and Economics Department of the Detroit Main Public Library;
- (2) The City Clerk is hereby authorized and directed to publish notice of the filing of the Amendment and a Public Hearing thereon along with the Summary of the Amendment in two daily newspapers of general circulation in the City of Detroit.
- (3) A Public Hearing on the Amendment shall be held on _____, 20__ at _____ .m., in the City Council Committee Room, 13th Floor, Coleman A. Young Municipal Center, Detroit, Michigan.
- (4) Said notice shall be substantially in the following form:

**“NOTICE OF FILING
OF
PROPOSED AMENDMENT TO THE EXECUTIVE ORGANIZATION PLAN,
AND OF CITY COUNCIL PUBLIC HEARING THEREON,
TO REASSIGN
THE FUNCTIONS OF GRAPHIC DESIGN, COPYING AND PUBLICITY
FROM THE INFORMATION TECHNOLOGY SERVICES DEPARTMENT
TO THE MAYOR’S OFFICE; AND
THE FUNCTION OF THE MEDIA SERVICES FROM THE CABLE
COMMUNICATIONS COMMISSION TO THE MAYOR’S OFFICE**

TO ALL INTERESTED PERSONS:

PLEASE TAKE NOTICE that Mayor Dave Bing has proposed an Amendment to the Executive Organization Plan to reassign:

- (1) The functions of graphic design, copying and publicity from the Information Technology Services Department, Agency 31, located in Section 230 of the Executive Organization Plan, to the Mayor’s Office, Agency 33, located in Section 40 of the Executive Organization Plan, which would be managed in the Mayor’s Office in the Communications Services Division; and
- (2) The function of the media services from the Cable Communications Commission, Agency 35, located in Section 380 of the Executive Organization Plan, to the Mayor’s Office, Agency 33, located in Section 40 of the Executive Organization Plan, which would be managed in the Mayor’s Office in the Communications Services Division;

Pursuant to Section 7-102 of the 1997 Detroit City Charter, the Mayor has filed the proposed Amendment with the Detroit City Council, through the Detroit

City Clerk, on April 13, 2010. A Summary of the proposed Amendment to the Executive Organization Plan is published herewith.

The City Council shall study and conduct hearings and may request that the Mayor make modifications to the proposed Amendment and sixty (60) business days after the filing of the Amendment, which is July 16, 2010, the proposed Amendment shall become effective with such modifications as are accepted by the Mayor, unless disapproved by a two-thirds (2/3) majority of the City Council members serving.

Copies of the proposed Amendment are on file in the Office of the Detroit City Clerk, 200 Coleman A. Young Municipal Center, and in the Sociology and Economics Department of the Detroit Main Public Library.

A Public Hearing on the proposed Amendment shall be held on _____, 20__, at _____ .m., in the City Council Committee Room, 13th Floor, Coleman A. Young Municipal Center, Detroit, Michigan.

THIS NOTICE is given by Order of the Detroit City Council. Further information concerning the proposed Amendment may be obtained through the Office of the City Clerk.

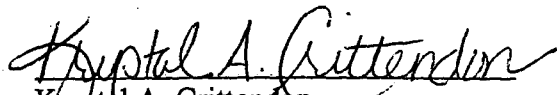
**JANICE M. WINFREY
DETROIT CITY CLERK**

**SUMMARY OF PROPOSED AMENDMENT
TO EXECUTIVE ORGANIZATION PLAN
FILED APRIL 13, 2010**

The effect of the Mayor's proposed Amendment to the Executive Organization Plan is to transfer:

- (1) The functions of graphic design, copying and publicity from the Information Technology Services Department to the Mayor's Office, which would be managed in the Mayor's Office in the Communications Services Division;
and
- (2) The function of the media services from the Cable Communications Commission to the Mayor's Office, which would be managed in the Mayor's Office in the Communications Services Division.

Approved as to form:


Krystal A. Crittendon
Corporation Counsel DAM